

Howard University School of Business
The Center for Accounting Education

***The
Professional Experiences
of
African-American Accountants***

***Analysis of Survey Results
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Executive Summary

The Howard University School of Business Center for Accounting Education, (The Center), completed the first step in a series of research studies designed to gather information to help answer these two critical questions:

- *Why are the numbers of African Americans succeeding in the accounting profession so low?*
- *How do we create programs for the purpose of providing all African-American accountants with the tools they need to be successful as they assimilate into corporate America?*

The following document summarizes the results of the first study – The Professional Experiences of African-American Accountants (The Study). The primary objective of The Study is to identify the critical factors (formal and informal) that African Americans considered critical for success as a CPA in professional services firms and in corporate America. The Center developed a questionnaire that solicited information on key factors contributing to the success of African Americans, including topic areas such as critical skills, work environment factors, social networks and mentoring. In March 2005, participating firms were asked to distribute an e-mail invitation to their African-American professional employees inviting them to participate in the survey. A cut-off date of April 1, 2005 was established. The completed survey was returned by each participant directly to Open Solutions, Inc, a Canadian firm specializing in performing surveys. The survey was on-line and web based.

Specific research questions included the following:

- What are the formal factors for CPA success?
- What are the informal factors for CPA success?
- What is the role of specific factors such as:
 - a) active career-planning,
 - b) informal relationships, and
 - c) mentors and role models?
- What factors inhibit the success of African-American accountants?
- How do African Americans schooled at HBCU's compare with African Americans schooled at non HBCU's with respect to success?
- What are some common factors (biographical and other) shared by successful African-American CPAs?

A total of 1,180 African Americans responded to the questionnaire. Most of the respondents (91%) stated that they worked for an international firm, while 7% stated that they worked for a national or regional firm. The remaining 2% stated that they worked for other companies. Additional demographic information about the respondents can be found in the body of the survey.

One of the most interesting findings was the overlap in the factors that respondents thought to be extremely or very important to success with those in which respondents wished they were better prepared. These overlapping factors are:

- Networking skills and access
- Technical skills
- Communication skills
- Interpersonal skills

Respondents were also asked to provide their greatest challenges to success. Interestingly, the top three challenges for both manager and staff level employees are identical:

- Navigating corporate politics
- Balancing work-home demands
- Establishing credibility

Partners, like managers and staff, ranked “Balancing work-home demands” #2 and “Navigating corporate politics” #3. However, the #1 challenge for partners is “Keeping up with technical developments” which ranked 5th and 6th for managers and staff, respectively.

Other key findings included:

- Approximately 69% of African-American accountants responding to The Study were graduates of Non-Historically Black Colleges and Universities, 22% were graduates of Historically Black Colleges and Universities and 7% graduated from foreign colleges or universities. *See Table 6*
- 53% of partners, 68% of managers and 60% of staff responding believed that their approach to work needs to be different from that of their colleagues. *See Table 14*
- 79% of partners, 75% of managers and 58% of staff responding to The Study stated that they are given high profile and challenging job assignments. *See Table 18*

During the 2005–2006 academic year, a similar survey will be sent to other minority groups and Whites. The results will be tabulated in the same manner as was done for African Americans. Subsequently, a comparative analysis will be performed between the different groups.

Analysis of Survey Results

Biographic and Demographic Information

A total of 1,180 African Americans responded to the questionnaire. Most of the respondents (91%) stated that they worked for an international firm, while 7% stated that they worked for a national or regional firm. The remaining 2% stated that they worked for other companies.

GENDER: A majority of the respondents were female – 58% compared to 42% male. This is a trend that started in the early 1990s and it has continued into the 21st century.

See Table 3

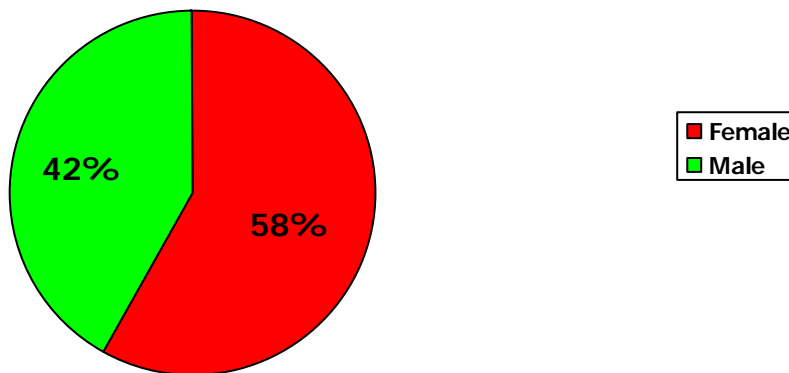


Figure 1

EDUCATION: A majority of the respondents - 57%, held bachelor's degrees only; 34% held advanced degrees, while 9% indicated that they held other degrees. *See Table 5*

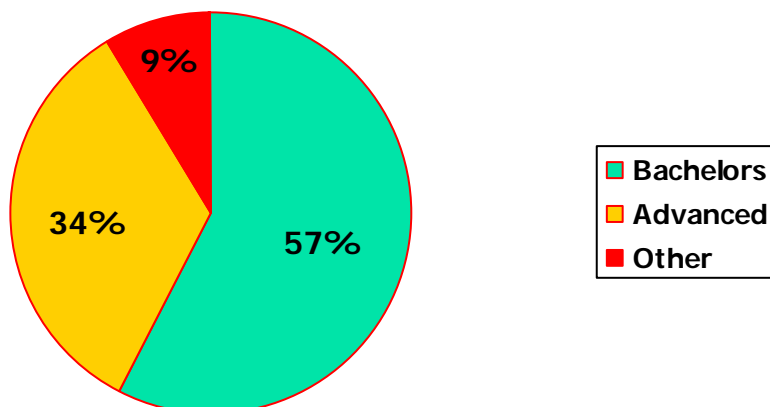


Figure 2

POSITION/MOBILITY: The majority of the respondents were staff members – 71%; 20% were managers; 2% were partners; and the remaining 7% held other positions. Do the precipitous drops in the percentage of manager and partner respondents reflect the actual attrition rates in the firms? *See Table 1*

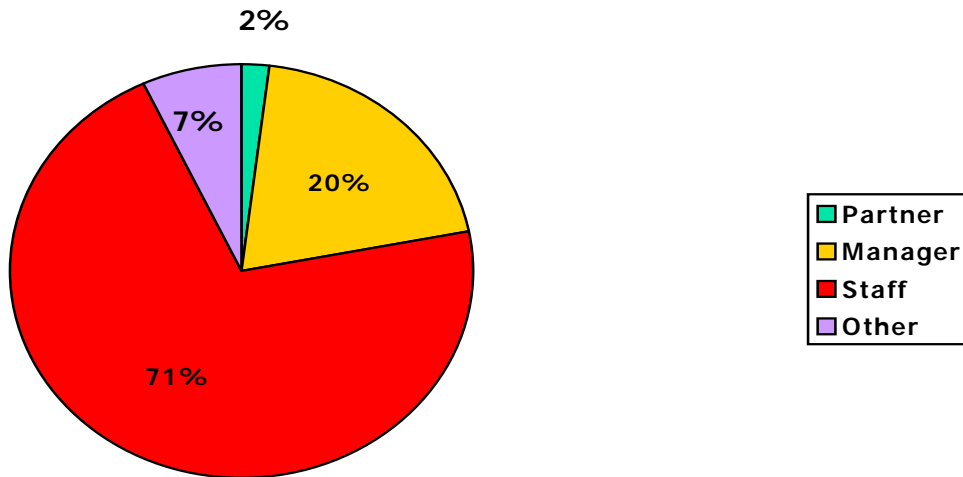


Figure 3

LENGTH OF EMPLOYMENT: A majority of the respondents were with their current employer for less than 3 years – 65%; 36% were employed for less than 1 year; 29% were employed between 1 – 3 years. The percentage of respondents who had remained with their current employer for greater than 5 years was only 18%. This might explain the precipitous drop in the number of manager and partner respondents. Caution: The question asked for the number of years with the current employer. It was not possible to determine whether respondents had held previous employment with other firms. *See Table 9*

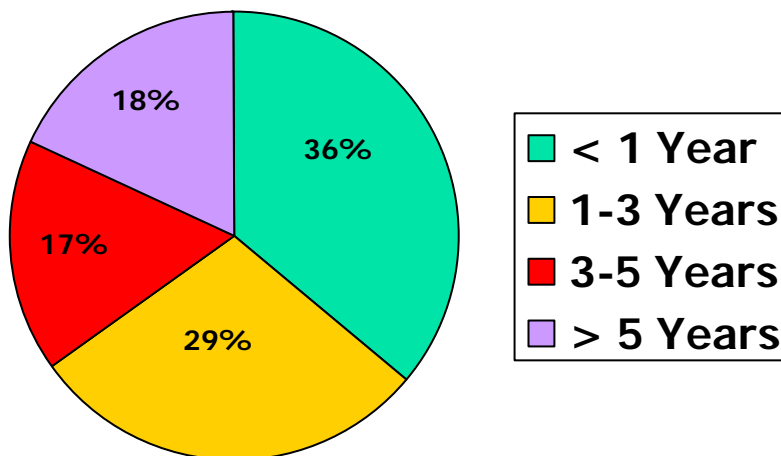


Figure 4

SERVICE LINE: Not surprisingly, most of the respondents work in Assurance – 64%; 20% work in Tax and the remaining 16% work in other service lines. *See Table 4*

CPA EXAM: [Note: Because of the importance of the CPA certification to the Assurance service line, only the respondents in Assurance were polled.] Only 15% of the Assurance service line respondents had the CPA certificate by their second year of employment. By the critical 5th year, only 36% of the respondents had the CPA certificate. Since not all Assurance service lines require the CPA certification, e.g., internal audit, this might also indicate that many African Americans are not part of the core Assurance service lines, e.g., audit, which requires the CPA certification in order for staff to become a member of the management group. The results of the length of employment and the CPA exam passage rate may also warrant further study to determine whether there is a correlation between the two results. *See Table 8*

GEOGRAPHIC LOCATION: All regions in the U.S. were represented in this survey. The majority of the respondents work in the Northeast (30%), then the Southeast (26%), the Midwest (13%), the Mid-Atlantic (11%), the Southwest (12%). Approximately half of the partners also worked in the Northeast. *See Table 2*

Success Factors

Factors That Contributed to Success

Respondents were asked to identify the factors that contributed to their own personal success. Table 22 lists the top factors identified by partners, managers and staff. Interestingly, the top three factors identified as contributing to personal success were identical across all three levels:

- Competence
- Self confidence
- Setting own expectation

Important Factors for Success

Respondents were also asked to rate the importance of a number of factors that they thought to be extremely or very important. Factors identified by at least 60% of responding partners, managers and staff as extremely important or very important were (*Table 23*):

- **Strong technical skills**
- **Strong communication skills**
- **Strong interpersonal skills**
- Assimilation into corporate culture
- Strong practice development skills
- **Gaining access to the “right networks”**

Table 10 lists the skills that respondents wished they were better prepared in.

- **Networking**
- **Technical**
- Writing
- **Communication**
- **Interpersonal**
- Time management

Comparing Tables 23 and 10, there is significant overlap between the factors that respondents thought are important for success and the skills that they wished they were better prepared in. See bolded and underlined items.

Challenges to Success

Interestingly, the top three challenges for both manager and staff level employees are identical:

- Navigating corporate politics
- Balancing work-home demands
- Establishing credibility

Partners, like managers and staff, also ranked “Balancing work-home demands” #2 and “Navigating corporate politics” #3. However, the #1 challenge for partners is “Keeping up with technical developments,” – ranked 5th and 6th for managers and staff, respectively. Partners also ranked 2nd “Managing the demands of work” and “Getting challenging assignments” – ranked 4th and 7th respectively for managers and staff members. *See Table 24*

Work Environment

Acceptance by Colleagues

Only 75% of staff members felt accepted and welcomed by their colleagues. The acceptance rate increases to 85% for managers and rises to 95% for partners. Is there a positive relationship between number of years/promotions and acceptance by colleagues? Does this perception of acceptance increase as the employee experiences upward mobility to a near perfect score at the partnership level? *See Table 11*

Mistakes

An overwhelmingly majority of respondents (approximately 85%) at all position levels believed it was OK to make mistakes and learn from these mistakes as their careers grew. *See Table 12*

Association with Others

Almost the same percentage of staff members and managers (approximately 65%) agreed that it is more advantageous to associate with members of different ethnic groups. An overwhelming majority of partners (84%) agreed with this statement. *See Table 13*

Approach to Work

More managers (68%) than staff (60%) believed that their approach to work needs to be different from that of their colleagues. However, as employees were promoted to partners, there was a decrease in the percentage of partners (53%) who agreed with this belief. *See Table 14*

Assignments

As employees advanced in their careers, the percentage who agreed that they are given high profile and challenging job assignments increased – from 58% of staff members to 79% of partners. Does this mean that employers need to make certain that African Americans are assigned to high profile and challenging job assignments earlier in their careers? *See Table 18*

However, about 37% of partners, 34% of managers and 31% of staff responding to the survey felt that counterparts with less technical competence or experience had been given more high profile/challenging job assignments. Interestingly, about the same percentage of respondents (37% of partners, 37% of managers and 41% of staff) disagreed with this statement. Further study is necessary. *See Table 19*

Placement

As employees advanced in their careers, the percentage who agreed that the sector in which they spent most of their time is in a core sector of the firm increased – from 78% of staff members to an overwhelming majority (90%) of partners. *See Table 25*

Social Networks

Establishment

Less than half of the staff members (48%) agreed that they have established strong social networks in the work place. As employees were promoted to managers, the percentage increased to 64%. However, note that only 68%, a mere 2/3 of the partners agreed that they had succeeded in establishing strong social networks in the work place. This upward trend can be explained by the fact that it may take years of service to establish strong social networks. *See Table 16*

Access

As employees advanced in their careers, the percentage who agreed that they have access to the social networks most important to their career advancement also increased – from 57% of staff members to 79% of partners. *See Table 17*

Career Advancement

The percentage of employees who thought that belonging to the ‘right’ social networks is the most critical factor in career advancement decreased as position levels increased; 67% of staff members held this perception, which steadily declines to 47% of partners holding this perception. So, despite the fact that 79% of partners agreed that they have access to the social networks most important to their career advancement, only 47% felt that they belonged to the ‘right’ social network most critical to their career advancement. Further analysis needs to be conducted to determine what the ‘right’ social network is. How do these results compare to non-African-American partners? *See Table 15*

Mentoring

Beneficial

As employees advanced in their careers, the percentage who agreed that they benefited from a fruitful mentoring relationship within their current work environment steadily increased – from 42% of staff members to an overwhelming majority (90%) of partners. *See Table 20*

Inside vs. Outside

As employees advanced in their careers, the percentage who agreed that the most fruitful mentoring relationship had been within their current work environment steadily decreased – from 56% of staff members to an overwhelming minority (21%) of partners. *See Table 21*

Are you a mentor?

As employees advanced in their careers, the percentage who felt that they were considered a mentor increased dramatically – from 56% of staff members to an overwhelming majority (95%) of partners. *See Table 26*

It is clear that as employees advanced that they found the most fruitful mentoring relationship within their current work environment and they themselves became mentors to others.

Historically Black Colleges and Universities **vs.** **Non-Historically Black Colleges and Universities**

Attendance

A substantial majority of the respondents attended non-HBCUs – 69%; while 22% attended HBCUs; the remaining 7% attended universities outside the U.S. *See Table 6*

College Education

A majority of respondents from both HBCUs and non-HBCUs stated that their college education had adequately prepared them for entry into the accounting profession. At the staff level, the percentage difference was negligible - 79% for HBCUs, compared to 76% for non-HBCUs- a mere 3% differential. However, as individuals were promoted to managers, the results begin to shift in favor of the non-HBCUs: 73% compared to 71% for HBCUs. Nonetheless, the differential remains about the same – a 2% differential – in favor of the non-HBCUs. By the time we get to the partner level, the differential increased dramatically to 13% in favor of the non-HBCUs – 79% reported being adequately prepared compared to 67% for those that attended HBCUs. The potential implications behind these results are startling and warrant further inquiry. Why is there such a marked shift at the partner level? Does prolonged work experience come into play? *See Table 7*

Commentary

Biographic And Demographic Information

The number of respondents was 1,180 and represented all regions in the U.S. Partners represent only 2% of the respondents. The number of partners who responded was only 19 – this is less than 7% of the number of managers (238) and less than 3% of the number of staff members (843). Why is there such a progressively steep drop in the number of African-American employees at both the manager and partner levels? The percentage of respondents who had remained with their current employer for greater than 5 years was only 18%.

Success Factors

It is interesting to note the overlap of the success factors respondents perceived are important and the success factors the respondents wished they were better prepared in:

Networking	Technical	Communication	Interpersonal
Stakeholders at all levels need to ensure that these success factors are being fostered.			

As employees were promoted to the partner level, the belief that it was more advantageous to associate with members of other ethnic groups increased at each position level. There was also a positive relationship between increased promotional levels and a feeling of acceptance and welcome by other colleagues.

Work Environment

The results show that as employees experienced upward mobility, partners reported the greatest satisfaction regarding feeling accepted by colleagues (95%), that they are given high profile and challenging job assignments (90%), and that they spent most of their time in a core sector of the firm (90%). Do we need earlier intervention to increase the percentage rates at the lower levels?

Social Networks

Further comment will be made on these results when compared to results from non-African-American partners to gauge the effectiveness and impact of social networking.

Mentoring

It is clear that as employees advanced that they found the most fruitful mentoring relationship within their current work environment and that they themselves became mentors to others. Fruitful mentor relationships need to be fostered and nurtured at the staff level and continue throughout the employee's entire career.

HBCU vs. Non-HBCU

In the aggregate, approximately 75% of all employees from all position levels agreed that their college education adequately prepared them for entry into the accounting profession. However, when analyzed based on HBCU vs. non-HBCU attendance, differences resulted (see HBCU vs. non-HBCU analysis). One recommended follow up is to conduct more HBCU vs. non-HBCU analysis of other factors in the survey to see the impact of school attendance.

Future Research*The Study Follow-up*

During the 2005–2006 academic year, a similar survey will build on the information gained in this initial study by expanding the survey coverage to other minority groups and Whites. The results will be tabulated in the same manner as was done for African-Americans. Subsequently, a comparative analysis will be performed between the different groups. This will provide information on whether minority groups, including African Americans, perceive success factors differently from Whites.

School of Business Overview

The Howard University School of Business is one of 12 schools and colleges of Howard University. Management Education at Howard began in 1870, when the Board of Trustees established a Commercial School. In 1925, that school was absorbed by the College of Liberal Arts and reorganized as the Department of Commerce and Finance

Founded in 1970, the present-day School of Business was the first fully accredited business school on Washington, DC. The School is accredited by the Association to Advance Collegiate Schools of Business (AACSB International). It is also one of an elite group of schools that has separate AACSB accreditation for its accounting program.

Under the leadership of Dean Barron H. Harvey, Ph.D., the School has a distinguished faculty of over 80 members. Currently, about 90 percent of full-time faculty members hold doctoral degrees. The school has an enrollment of about 1,500 undergraduate and graduate students.

The Howard University School of Business continues to make strides in its ongoing quest to maintain excellence in its academic programs. This success is the result of the collaborative efforts of many stakeholders (including alumni) and the dedication of its outstanding faculty and staff. Through teaching, research and the dissemination of knowledge, they have elevated the standards and reputation of the School of Business.

The Accounting Department

The Accounting program has graduated over 1,400 accounting majors that are successful in the public, corporate, government and nonprofit sectors. This program offers a Bachelor of Business Administration (BBA) degree and is accredited by the American Association of Collegiate Schools of Business (AACSB) - International Association. It is one of only 25 programs endorsed by the Institute of Internal Auditors. The accounting department faculty consists of academic and industry professionals. Most faculty members hold PhD degrees. The Accounting program's academic record is not only verified on paper, but also in the diverse business offices around the world.

About The Center for Accounting Education

For more than three decades, the Center for Accounting Education, The Center, has helped Howard University earn its reputation for producing more African-American certified public accountants than any other university. In the face of new pressures on the accounting profession, The Center has redoubled its efforts under the leadership of Frank K. Ross, CPA.

Mr. Ross is a visiting professor of Accounting and the Director of The Center. He retired from KPMG LLP after a career in public accounting spanning more than 38 years. At the time of his retirement, Mr. Ross was the Mid-Atlantic area managing partner for Assurance and Risk Advisory Services and the managing partner of KPMG's Washington, DC offices. He was also chairman of the board of the KPMG Foundation.

Thanks to the financial contributions of its stakeholders and input from its Advisory Board, The Center has launched initiatives designed to increase the number of minority CPAs, to help ensure their success and thereby increase the retention rate of minorities within the accounting profession. Among The Center's programs are:

- *Unique opportunities for students to talk one on one with the most senior executives in the profession*
- *Leadership skills workshops and individual coaching sessions for high potential minority managers within the accounting, banking and financial services industries*
- *Annual Leadership Skills Building Programs for newly hired accountants to help them pass the CPA examination and to provide expert advice on successfully climbing the corporate ladder*
- *Networking opportunities with high-ranking minority CPAs and Howard University School of Business faculty*
- *Summer internships linking high potential minority accounting students with major firms*
- *Executive development seminars and workshops on corporate and non-profit governance*
- *Annual surveys on the work experiences of African-American accountants*
- *A one-day Leadership Skills Building Program for college seniors—available to the HBCU community and other organizations*
- *Annual stakeholders' conference to discuss strategies for improving the retention of minorities in the accounting profession*

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